

1 conditions:

2 1) Transitional discounts for resold residential
3 services and UNEs. These discounts would help jump-start
4 residential competition by making it more economically
5 feasible for new entrants to enter markets, especially as
6 they move from a resale to a facilities-based market entry
7 strategy. This approach was adopted by the Ohio Commission
8 as part of its approval of the SBC-Ameritech merger.

9 2) Region-wide minimum interconnection terms. To
10 ease the burden of new entrants in negotiating and
11 administering multiple interconnection agreements, the
12 Commission should require that the merged company make
13 available a baseline interconnection agreement throughout
14 its region.

15 The baseline agreement would be subject to
16 approval by the Commission. But individual states could
17 strengthen the agreement as warranted.

18 3) Provision of a full range of unbundled network
19 elements. New entrants need access to a full range of UNEs
20 in order to compete effectively. Extended loops consisting
21 of a combination of loop, multiplexing and transport are
22 necessary where co-location is unavailable or infeasible.
23 Sub-loop unbundling is necessary where loop carrier systems
24 prevent access to a complete loop.

25 4) Resale of all end-user services. ILECs enjoy

1 a vast head start in provision --

2 DR. KRATTENMAKER: You have one minute remaining.

3 MR. BRANFMAN: -- of an array of
4 telecommunications and information services to residential
5 customers. In order to compete effectively, new entrants
6 must be able to approximate this array of service offerings.

7 The Commission should require as a condition of
8 the merger that the merged company offer for resale all end-
9 user services including DSL service and voice-mail.

10 5) Establishment of uniform performance
11 standards. A single regionwide set of performance
12 measurement standards and penalties should be adopted. The
13 merged companies should also be required to provide periodic
14 performance reports and to engage in third party testing.
15 This is being done in New York and Pennsylvania.

16 These conditions cannot succeed without effective
17 enforcement. I cannot stress too strongly that enforcement
18 mechanisms and penalties must be of significant magnitude so
19 that the merged company will not view them as tolerable
20 costs of doing business that are preferable to full
21 compliance.

22 For merger conditions to be effective, the cost to
23 the merged company of noncompliance in the form of penalties
24 must be greater than the cost of compliance in the form of
25 improvement in systems and lost revenues.

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1 DR. KRATTENMAKER: Thank you. Your time is up.

2 MR. HARTIGAN: May I just finish a couple of
3 sentences? CoreComm urges the Commission to establish
4 intermediate and final milestones of performance with
5 penalties imposed if a milestone is not met. Penalties
6 should be based upon the revenues earned during the period
7 of noncompliance and should escalate if noncompliance
8 persists. Thank you.

9 DR. KRATTENMAKER: Thank you. We will next hear
10 from Doug Lawrence.

11 MR. LAWRENCE: Thank you for the opportunity to
12 speak with you today. I feel like I've arrived at Mecca. I
13 -- my degree is broadcast journalism. I had a dream of
14 building a radio station in my home town that we
15 accommodated -- or we accomplished in 1990. So coming to
16 the FCC is something that has some meaning to me.

17 I live in Burlington, Kansas, a community that is
18 served by an incumbent local exchange carrier that is part
19 of the Sprint Telecommunications family of companies. In
20 1996, I served as the Chairman of the Select Committee on
21 Telecommunications in the Kansas House of Representatives
22 and played a major role in the development of the Kansas
23 Telecommunications Act.

24 I am here to offer my support for the SBC-
25 Ameritech merger because I believe it is exactly the sort of

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1 strategic business alliance that will yield the continued
2 improvement and availability of a basic and enhanced
3 services that are the foundations of our telecommunications
4 policy in Kansas.

5 Let me explain. In 1996, within weeks of adoption
6 of the Federal Telecommunications Act, Kansas incorporated
7 many of the concepts included in the federal law into state
8 telecommunications policy which was the culmination of more
9 than six years of a regulatory and legislative effort.

10 Kansas may well have been the very first state to
11 adopt its own telecommunications policy based on the
12 framework established by the federal Act and incorporating
13 the exact language as we -- as we felt appropriate.

14 The Kansas Act was the result of a process which
15 initially began in 1989 with the Kansas Corporation
16 Commission Order, commonly referred to as TeleKansas-1. In
17 that order, Southwestern Bell Telephone agreed to make major
18 investments in telecommunications infrastructure in rural
19 communities. TK-1 eliminated all party line telephone
20 service in the Southwestern Bell service territory and
21 replaced all of Southwestern Bell's electro-mechanical
22 switches with digital models.

23 The most significant benefit of TK-1 was to
24 improve quality of service to rural areas of Kansas served
25 by Southwestern Bell. At the same time, the company was

1 required to make significant new investments. At the same
2 time as it was required to make those investments, it was
3 provided some freedom from the traditional regulatory
4 oversight prevalent at the time.

5 In 1994, the Kansas legislature extended the de-
6 regulation experiment for an additional two years, and
7 required Southwestern Bell to make investments in distance
8 learning networks and to offer that new fiber infrastructure
9 at substantially reduced costs to school districts
10 throughout the state. Again, those benefits were focused on
11 improving services in rural communities.

12 At the time, the legislature understood that
13 allowing Southwestern Bell to continue its effort to
14 restructure and become more efficient was critical to making
15 the investments possible in our rural state.

16 Another part of the TK-2 legislation created a
17 strategic planning process that ultimately led to an 18-
18 month study process that was funded by a federal grant and
19 culminated in a report to the Kansas legislature in 1996.

20 Our 1996 public policy was based on that 18-month
21 study, the federal legislation and more than ten weeks of
22 hearings in front of my committee on an every day basis.
23 Perhaps the two most important elements of the Act were the
24 universal service and enhanced universal service provisions.

25 Our stated policy was that all Kansans should have

1 access to advanced telecommunications services at reasonable
2 prices. This policy reflected the legislatures
3 determination that advanced services should be made
4 available throughout the state, and not just in the urban
5 centers.

6 We also understood with six years of experience
7 that the best way to accomplish that goal was to lay out our
8 expectations and get out of the way, letting the companies,
9 Southwestern Bell and Sprint, make their own decisions about
10 how to execute our plans.

11 The 1996 Act made permanent the regulatory
12 freedoms that made the huge investments in our state
13 possible. At the same time, new entrants, the competitors,
14 were guaranteed freedom to enter markets as they chose,
15 where they chose, and when they chose.

16 Competitors were not obligated to serve all
17 customers, nor were they obligated to meet the same quality
18 of service and range of services the requirements placed on
19 the existing incumbent companies. The Kansas legislature
20 fully understood the potential problems our incumbent local
21 exchange carriers faced, being --

22 DR. KRATTENMAKER: Mr. Lawrence, you have one
23 minute remaining.

24 MR. LAWRENCE: Okay -- being obligated to make
25 significant investments in rural areas while at the same

1 time, facing immediate competitive pressures to the more
2 lucrative areas. We fully expected companies like
3 Southwestern Bell to change and restructure themselves
4 through strategic alliances like this merger.

5 I have more testimony, but I will submit that in
6 written format because I think it's important. I firmly
7 believe that the SBC-Ameritech merger benefits consumers and
8 communities far beyond the Ameritech region. It will
9 benefit Kansans.

10 We understand that the company obligated to serve
11 everyone which is not allowed to pick and choose its
12 customers must be allowed to restructure and grow. We
13 believe our opportunity to enjoy all of the marvels of a
14 modern telecommunications service in the smallest
15 communities in Kansas is tied directly to Southwestern
16 Bell's ability to be a viable competitor in the largest
17 cities in the world.

18 DR. KRATTENMAKER: Thank you for coming. And
19 please do submit the full statement. And I hope somebody
20 gave you a merit badge for sitting through ten weeks of
21 hearings without a stop. I hope it was worth it.

22 Next on the list, if I have it right, is the Santa
23 Ana Chamber of Commerce. Welcome.

24 MR. METZLER: Thank you. My name is Michael
25 Metzler. I am the President and Chief Executive Officer of

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1 the Santa Ana Chamber of Commerce. And thank you for this
2 opportunity to testify before you today.

3 DR. KRATTENMAKER: Thank you for coming.

4 MR. METZLER: Recently, I became aware that the
5 proposed merger of SBC and Ameritech was facing strong
6 opposition from groups that claimed to be acting on behalf
7 of businesses and consumers. These groups continually
8 discuss the recent merger of SBC and Pacific Telesys, or
9 Pacific Bell if you will, and how Californians have fared.
10 They paint a grim picture of an event that I can
11 personally assure you has been exactly the opposite. The
12 differences that I see relate not just to the changes taking
13 place at Pacific Bell, but more importantly how the entire
14 telecommunications industry has grown.

15 In California, during the SBC merger process,
16 claims were made that competition would be stifled or
17 totally stopped if the merger was approved. These same
18 claims are being made today about the proposed Ameritech
19 merger.

20 From my personal experience, they could be no
21 further from the truth. Orange County and my community of
22 Santa Ana has seen a blossoming of not just competitors, but
23 real choices in the marketplace. Construction of new high
24 speed fiber optic networks by a plethora of telecom
25 companies has reached such a level that our city's core is

1 served by over a half dozen providers. My Chamber itself
2 relies on a Pacific Bell competitor for telephone and data
3 services.

4 In the southern portion of our county, Cox Cable
5 is providing service to residential subscribers and growing
6 at a rate that any company would envy in terms of new
7 customers being added and territories served. Our adjoining
8 city of Anaheim has even partnered with a telecom company
9 and is building and operating a private telecommunications
10 company that provides service to over 200 businesses and is
11 considering expanding to residents within the city.

12 All of this has happened since the merger between
13 SBC and Pacific Bell. And this competition has served to
14 energize Pacific Bell to hire more, improve its service,
15 offer enhanced products, and take the appropriate action
16 that any major company should take when they find themselves
17 in a highly competitive marketplace.

18 As I have followed this merger from proposed to
19 consummated, SBC has kept or bettered every promise that was
20 made to Californians. I can only assume that the successful
21 SBC merger in California has been the reason behind
22 increased telecommunications competition and Pacific Bell's
23 focus to serve -- to better service customers.

24 It seems intuitive that the Ameritech merger will
25 cultivate the same climate and assure the same results. And

1 as a result, we support the merger of SBC and Ameritech.
2 Thank you.

3 DR. KRATTENMAKER: Mr. Metzler, thank you for your
4 testimony. And thank you for coming. Next on the list is
5 the Orange County Business Council. Good afternoon and
6 welcome.

7 MR. OFTELIE: Thank you very much. The -- my name
8 is Stan Oftelie. I am the President and Chief Executive
9 Officer of the Orange County Business Council which in this
10 age of mergers is a merger of a group of associations. It's
11 the 130-year old Orange County Chamber of Commerce, the
12 Industrial League of Orange County, the Economic Development
13 Consortium, the partnership 20/10.

14 And by doing that, putting all those groups
15 together in the fifth largest county in America, in Orange
16 County, California, we have brought AT&T, GTE, PacBell and
17 NextLink, Sprint and others all into the same association.
18 So I am here talking to you with some conflict.

19 But it's very easy for us to say that on -- in
20 February in a letter to Chairman Kennard, the Orange County
21 Business Council urged the Commission to approve the
22 transfer of licenses held by Ameritech to SBC. And we
23 continue to urge you to do that.

24 And following this proceeding, we'll be providing
25 you more information in writing to elaborate on some of the

1 very brief comments I'll make right now.

2 DR. KRATTENMAKER: Thank you.

3 MR. OFTELIE: Our public interest concern rests on
4 two pillars. First, on our continued desire for more
5 competition my friend Mike Metzler just outlined for you.
6 We're finding a blossoming in Orange County. We're finding
7 a number of companies working on a variety of different
8 programs and projects, and opportunities are expanding at a
9 rapid rate.

10 Earlier you heard from some of our -- our ethnic
11 and racially mixed chambers of commerce. They have the same
12 opportunities. That's a growing market in Orange County.
13 More than 30 to 35 percent of our community speaking
14 different languages, Orange County has now become a mecca
15 for immigrants. And we speak more than 50 different
16 languages in the schools in one county.

17 We're finding that there are great difficulties in
18 using the systems effectively in those types of communities.
19 If it wasn't for the competition that have been fostered by
20 the de-regulation and now then by the merger with PacBell,
21 we -- we don't -- I don't think and our organization doesn't
22 think we would be able to meet that competition and meet
23 those demands as clearly and competently as it's being done
24 today.

25 Our experience in the aftermath of the SBC-PacTel

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1 merger is -- is positive. It's beneficial to us. We have
2 seen consistent effort and energy in putting together a
3 program that will meet the needs of a growing and expanding
4 economy and a growing and expanding county.

5 In terms of the competition, we certainly
6 recognize the global reach of giant telecommunications
7 companies and we're aware of the SBC-Ameritech national-
8 local strategy. And for many, that's the essence of what
9 competition is and how it should be viewed.

10 For us, the desire is to brighten more service and
11 more opportunities in our county. And we've seen that
12 opportunity take place because of this merger. The merger
13 of PacTel and SBC has been very important to us. We've seen
14 it be successful. It's as important to providing service to
15 big companies as it is to residential.

16 And we need to have a good quality of life by
17 providing all sorts of opportunities and all sorts of
18 different services to various residential communities, as
19 well as our big business efforts.

20 And finally, the success of the SBC-PacBell merger
21 leads us to conclude that the benefits proposed in the SBC-
22 Ameritech merger will again accrue to businesses in our
23 county. We've seen over 400 million dollars invested in the
24 network since this merger in Orange County -- involving
25 Orange County took place.

1 It created new jobs, more than 2,000 in California
2 that we're aware of. We've seen improved service,
3 installation and repair times. They've improved all of our
4 programs for residential, for business consumers. And the
5 experience overall leads us to believe that a merger between
6 Ameritech and SBC would accrue the same benefits to those
7 communities.

8 We believe the proposed merger is good for
9 business and consumers, and good for competition. Thank you
10 very much. And I will be submitting more information in
11 writing.

12 MR. ATKINSON: Thank you very much.

13 DR. KRATTENMAKER: Thank you. Please do. Thanks
14 for coming. Next we have the Oklahoma Indian Times. Good
15 afternoon.

16 MR. GRAY: Good afternoon. Thank you. My name is
17 Jim Gray and I am the Publisher of the Oklahoma Indian Times
18 newspaper based in Tulsa. I have some -- I'm going to --
19 I'm going to enter a copy of an article that our paper wrote
20 on Southwestern Bell contributions to the Native American
21 community that appeared in our paper last September --

22 DR. KRATTENMAKER: Good.

23 MR. GRAY: -- as part of our -- my written
24 testimony. And on top of that, I just have some oral
25 statements I would like to make.

1 As co-publisher of a statewide Native American
2 newspaper in a state with the highest number of native
3 populations and home to more tribal offices than any state
4 in the country, I believe that I can offer a unique
5 perspective from the Native American community as to the
6 involvement of Southwestern Bell in the largest minority
7 group in Oklahoma.

8 Southwestern Bell is determined that cultivating a
9 positive working relationship with Oklahoma's Indian tribal
10 nations is not just a good policy, it's a matter of good
11 corporate citizenship. But it's also good business.

12 Southwestern Bell as recently as in the past few
13 years has instituted a positive campaign to identify with
14 the Native American community as consumer market niche.
15 This is truly unique, for the Indian community as a whole
16 rarely shows up on most radar screens for Oklahoma companies
17 whether they are public or private.

18 Through direct advertising, product positioning,
19 or simply studying the philosophy of the company through
20 participation in Native events like Unity, Red Earth
21 Festival, Southwestern Bell's involvement in these programs
22 have ensured a continued level of service to the Indian
23 community throughout Oklahoma and hopes that this community
24 will continue to patronize their services in return.

25 This I believe is what market economics is all

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1 about. Southwestern Bell has also attended all four Native
2 American job fairs in Oklahoma that have been held in the
3 past two years. With an emphasis toward recruiting the
4 Native American community, Southwestern Bell offers
5 opportunity for Indian people in our state with an
6 unemployment rate of 33 percent.

7 Southwestern Bell underwrites the function of the
8 American Indian Chamber of Commerce in both Tulsa and
9 Oklahoma City. This participation demonstrates that Indian-
10 owned businesses will have access to decision-makers at
11 Southwestern Bell. And many have received contracts through
12 their support.

13 So whether it's supporting the Native community of
14 sovereign nations or attracting their attention as a
15 consumer market, or recruitment as potential employees or
16 contracting products and services from Indian-owned
17 businesses, Southwestern Bell has done as much as any
18 corporate citizen in supporting our community.

19 And as a newspaper publisher, I wanted to come to
20 this committee and let them know that the Indian community
21 supports this company and the positive impact it's had on
22 the lives of the 300,000 Native Americans who call Oklahoma
23 home.

24 DR. KRATTENMAKER: Thank you. Thank you very
25 much. And you will submit the --

1 MR. GRAY: Yes, I will.

2 DR. KRATTENMAKER: -- article for the record.

3 Thank you very much. Next on the list is NATOA.

4 MR. RUCK: Good afternoon.

5 DR. KRATTENMAKER: Good afternoon.

6 MR. RUCK: My name is Lee Ruck. I am the National
7 Director of NATOA, the National Association of
8 Telecommunications Officers and Advisors. NATOA is a
9 professional association of local government officials, both
10 appointed and elected, who are responsible for
11 telecommunications planning, implementation and regulation
12 in America's cities and counties in every state.

13 Most of the parties who have previously expressed
14 concern about this proposed merger have addressed the issues
15 of telephony. And concern and attention about potential
16 anti-competitive effects of two telephone giants is
17 certainly appropriate for this forum.

18 This proposed merger, however, presents another
19 potential anti-competitive threat within the Commission's
20 jurisdiction, a threat to cable television which has not yet
21 received the attention it deserves. And our comments then
22 address the effect that this transfer may have on
23 Ameritech's New Media Division, ANM, which is the umbrella
24 for Ameritech's cable television franchises.

25 It's the nation's largest cable over-builder and

1 in fact has created about half of the competitive cable
2 systems in this country today. NATOA's concern that ANM's
3 mission of competitive over-building of cable systems may be
4 abandoned as a result of the merger.

5 In the Washington, D.C. area, SBC abandoned its
6 domestic cable operations, selling its Montgomery County,
7 Maryland and Arlington County, Virginia systems. SBC
8 shuttered its cable system in Richardson, Texas and
9 similarly it shuttered PacTel's 8,000 subscriber over-build
10 operations in San Jose. San Jose was caught completely off
11 guard by these actions. In fact, only two days before the
12 shutdown, PacTel's executives were publicly outlining a new
13 two-year over-build strategy.

14 This year in response to specific questions about
15 ANM's cable operations, Edward Whiteacre, the CEO of SBC,
16 noted that SBC would examine and retain ANM as long as it
17 was profitable. When NATOA representatives met with ANM
18 officials late last year prior to any merger announcement,
19 ANM explained that its current rate of penetration against
20 the cable incumbents with whom they were competing was a
21 success. However, they believed it would take three to five
22 years to amortize the capital investment for each new over-
23 build franchise they launched.

24 NATOA's concern that SBC may ignore the
25 amortization required for ANM's capital investment to

1 establish and over-build a territory, and ANM needs to be
2 allowed the time to recoup this investment and to prove its
3 profitability to the board, to the CEO and to the
4 shareholders of SBC.

5 As recently as April 12th of this year in an
6 interview with "Business Week", Mr. Whiteacre noted his
7 continued disdain for his company's involvement with cable
8 television. "We haven't done any good in the cable" -- this
9 is a quote -- "We haven't done any good in the cable TV
10 business. I am the guy who said buy in Washington, D.C. and
11 I am the guy who said let's get out of the business."

12 And as was said by Santa Ana Chamber of Congress
13 and Mr. Hartigan, we're a little bit concerned about how
14 good SBC's word is in this.

15 Further acknowledging a likely diminution of
16 effort, Mr. Whiteacre testified before the Senate Antitrust
17 Committee that he may pull back on Ameritech's aggressive
18 cable strategy. This caused Senator McCain to lament that
19 the Telecommunications Act of 1996, whether intended or not,
20 has protected the industries and has protected everybody but
21 the consumer.

22 Effective competition to cable TV by OVS or DBS or
23 other industries has been slow in coming. Similarly, intra-
24 cable competition and over-building has not been
25 aggressively pursued in this industry except by SBC. And a

1 success and penetration of an incumbent subscriber base has
2 of record forced incumbent operators to take action by
3 eliminating increase, lowering prices or other consumer
4 benefits that are truly the result of effective competition.

5 Removal of ANM from the cable arena will threaten
6 consumers in the public interest in two groups of
7 communities that we represent. First, those cities where
8 ANM could add to its cable franchise properties will not
9 have the benefit of potential competition.

10 Second, SBC's historic treatment of video
11 properties, given that history, we are concerned about
12 commitments already made by ANM and existing cable
13 franchises; particularly upgrading, construction, new
14 services not to be provided yet for two or three or four
15 years.

16 Even those cities where it is already
17 contractually guaranteed could -- through competition will
18 not be realized if SBC does not actively and aggressively
19 compete.

20 In summary, NATOA requests the Commission to
21 carefully examine the anti-competitive potential in cable
22 TV, as well, in the proposed transfer to control and to take
23 action to ensure that the current and potential benefits the
24 consumer receives via cable TV competition provided by ANM
25 will continue and increase.

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1 MR. ATKINSON: Thank you.

2 DR. KRATTENMAKER: Thank you for coming. Okay.
3 Next on our list is, if I have it right -- now I think we
4 are at the Missouri Center for Minority Health and Aging.

5 MR. PENN: Good afternoon.

6 DR. KRATTENMAKER: Good afternoon.

7 MS. PENN: My name is Dalores Davis Penn. I am
8 the Missouri State gerontology specialist, and coordinator
9 of the Missouri Center on Minority Health and Aging at
10 Lincoln University. I am also the past Executive Director
11 of the National Center and Caucus on the Black Aged, and
12 coordinator of a technology advocacy program designed to
13 bring the benefits of advanced telecommunications technology
14 to women, minorities, youth and the disabled. I am here
15 today to speak in support of the SBC and Ameritech merger.

16 My professional experiences have put me in contact
17 with many poor and unemployed people in rural and inner-city
18 areas. I have seen myself what the National
19 Telecommunications and Information Administration reported
20 in "Falling Through the Next; New Data on a Digital Divide",
21 in July 1998.

22 When one studies the American population by income
23 levels, one sees that those in the lower income levels are
24 less likely to have telephones and computers. NTIA
25 concluded that the least connected in American society are

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1 rural pool and central city minorities; young households and
2 female heads of households.

3 That fact produces a challenge and an opportunity.
4 We are challenged to spread computer and telecommunications
5 technology among such disadvantaged groups. The opportunity
6 is that we have no end of circumstances in which we can do
7 so effectively.

8 Southwestern Bell has done so. For example,
9 Southwestern Bell worked with the Missouri League of Nursing
10 to develop a distance learning program to certify and update
11 certification of nurses statewide. This yields more nurses
12 to serve rural and economically disadvantaged populations
13 than the League had ever been able to certify during
14 periodic on-site conferences.

15 And these nurses are trained, among other things,
16 to use telecommunications technology to get data to
17 specialists for their evaluations and treatment
18 recommendations, even though they may be miles away. The
19 bottom line, tele-medicine research and innovations offer
20 new and universally accessible health care options to
21 locations that today have limited health care choices.

22 Another example of this arises in the area of
23 information technology. Information technology can be
24 designed to deliver support services and resources that can
25 greatly enhance the quality of life and independence of

1 populations, even though they start off with limited
2 experience or knowledge of technology.

3 For example, Southwestern Bell initiated a
4 technology program at two historically black colleges in
5 Missouri. This collaboration resulted in six new projects
6 with additional funding -- other funding resources and the
7 development of programs that would ensure that poor and
8 minority students have a chance for good jobs in the
9 information age.

10 SBC has a record of positive social
11 responsibility, even in its competitive world. That a
12 company recognizes a social responsibility to those less
13 fortunate is a material reason why the FCC should approve
14 the proposed merger.

15 We believe that companies like SBC with a history
16 of advancing social goals while still obtaining their
17 profits should be rewarded, not disdained by the regulators.
18 All in all, SBC recognizes its social responsibilities well
19 beyond that of seeking profits. That fact supports having
20 you approve the merger. Thank you very much for giving me
21 the privilege to speak here today.

22 DR. KRATTENMAKER: Thank you for coming, Ms. Penn.
23 We appreciate your time and thoughts. I believe we've had a
24 swap. And the next speaker will be Reverend Edward E.
25 Fields.

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1 REVEREND FIELDS: Good evening. I am Reverend
2 Edward E. Fields, Kansas City, Missouri, a minister in the
3 African Methodist Episcopal Church and a past President of
4 the National Council of Silver Haired Legislators.

5 I speak in support of the proposed merger of
6 Southwestern Bell and Ameritech. This group, the mouth of
7 the righteous man is a well of life. On the lips of him
8 that have understanding, wisdom is found and he feeds many.

9 Since the 1996 Federal Communications Act, the
10 telecommunications industry has been attempting to settle
11 the industrial dust storm the Act generated. Local service
12 competition, if competition is indeed an appropriate term,
13 who will serve business; who will serve residences. Long
14 distance competition, if again competition is indeed is the
15 appropriate term, business or residences.

16 Now, over the past months, the tele-industry is
17 attempting to broaden offerings through mergers. The
18 consumer in this instance, the local resident, is hopeful
19 that when the whole mode of restructuring settles, that he
20 will realize promised benefits.

21 Observing with hope are consumer -- for consumer
22 benefits are our nation's minority populations: African
23 Americans, Hispanic, Native Americans, Asians and Pacific
24 Islanders. African Americans, currently the largest of the
25 minority populations, stands to gain in many ways by the

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1 consummation of the proposed merger of Southwestern Bell and
2 Ameritech.

3 Southwestern Bell over the years has practiced
4 fair employment. There is no question that a review of
5 current personnel numbers from the boardrooms to its line
6 service personnel would show steady increases in minorities,
7 and particularly African Americans.

8 A clipping from the April 14th business page of
9 the Chicago Tribune hailed a little known aspect of the
10 pending Ameritech buy-out. A part of the sale to Texas-
11 based Southwestern Bell Communications, Ameritech has agreed
12 to spin off part of its wildest telephone business to a
13 private firm in Bethesda, Maryland.

14 Of interest to African Americans is the fact that
15 the receiving company is African American. Chester
16 Davenport and Partners are getting seven percent of the
17 former Ameritech. The lips of the wise and the righteous
18 feed many.

19 Southwestern Bell-Ameritech merger will benefit
20 minorities. We see the beginning of the working with
21 African Americans to form new communications business. We
22 see another phase of stock market trading and buying.

23 We see the enormous potential for the generation
24 of thousands of new jobs, new employment opportunities; the
25 generation of many community-based community centers opening

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1 technology access to African Americans of all ages. And
2 this includes the nearly ten percent of our nation's 40
3 million seniors, 65 years of age and older, who are African
4 Americans.

5 To this advocate, all of the above translates to
6 the generation of true competition. May the approval of the
7 Ameritech-Southwestern Bell be as the mouth and the lips of
8 the righteous man, extruding wisdom and knowledge through
9 the spectrum of communication technologies that will benefit
10 consumers of all identities. And it will figuratively and
11 actually feed many. Thank you very much.

12 DR. KRATTENMAKER: Thank you.

13 MR. ATKINSON: Thank you very much.

14 DR. KRATTENMAKER: Thank you for coming.

15 MR. ATKINSON: I think it might be appropriate to
16 take a 15 minute break so people can, if this is the last
17 chance to go to the snack bars or anything else, get some
18 last bit of refreshment to get us perhaps through the last
19 hour.

20 And I'm just looking at the whole list that's
21 left. I kind of doubt that we can -- even if we didn't take
22 the break, I don't think we can get through every single one
23 today in any case.

24 DR. KRATTENMAKER: We'll -- we'll see where we
25 are. We --

1 MR. ATKINSON: We'll see how we look --

2 DR. KRATTENMAKER: We're going to be very close at
3 5:00 and maybe we'll stay until 5:30 to finish.

4 MR. ATKINSON: Well, we need to check with the --

5 DR. KRATTENMAKER: We need to check.

6 MR. ATKINSON: -- support people, as well --

7 DR. KRATTENMAKER: Yes.

8 MR. ATKINSON: -- and see if that can be done. So
9 let's reconvene at 4:00 on the nose.

10 DR. KRATTENMAKER: And the next --

11 MR. ATKINSON: The snack bar closes at 4:00.

12 DR. KRATTENMAKER: And the next speaker I believe
13 will be Jeff Smith if we could be ready to go at 4:00, yes.

14 (Whereupon, a brief recess was taken.)

15 DR. KRATTENMAKER: Our next scheduled speaker is
16 Jeff Smith. Mr. Smith, welcome.

17 MR. SMITH: Thank you very much. I appreciate
18 this opportunity. As you stated, I'm Jeff Smith. I'm
19 Pacific Bell Regional Manager for Service Operations in San
20 Diego and Imperial Counties in Southern California.

21 By way of background, I have 27 years of service
22 with Pacific Bell. My first six years in the business were
23 spent in non-salaried positions including that of a service
24 technician who climbed poles and installed and repaired
25 service on a daily basis. Prior to my present position, I

1 worked as a Manager in Special Services for 11 years,
2 providing high band width services to critical customers
3 including the inter-exchange carriers.

4 My intention at this time is to provide
5 information to this forum with respect to service levels,
6 capital investment and community involvement, both prior to
7 and after Pacific Bell's merger with SBC.

8 Let me begin with service. Prior to our merger
9 with SBC, Pacific Bell was under tremendous pressure to
10 reduce head count and save precious resources in an effort
11 to protect share owner value. Long-term employees such as
12 myself were challenged daily with the prospect of matching
13 force to load as employees at all levels of the business
14 were being encouraged in many cases to leave.

15 And as a personal aside, two months prior to the
16 announcement of the merger with SBC, I became so
17 disheartened with the inability to deliver great service as
18 we once had that I personally enlisted the aid of a career
19 guidance firm and spent several thousand dollars with an
20 executive search firm with the hope of finding a more
21 fulfilling position in a noncompeting industry.

22 Well, timing is everything. And within 30 days
23 after the merger with SBC, I left the money on the table,
24 walked away from that process, and recommitted to the long
25 haul with SBC leadership.

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1 The following indicators will confirm my belief
2 that once merged with SBC, the level of service provided to
3 the telecommunications consumer by Pacific Bell has improved
4 greatly. In 1997, a residential customer placing a request
5 for service in my area would frequently be offered an
6 appointment of five working days or longer for that
7 installation.

8 Today, I am proud to say that a residential
9 customer calling to place an order for new service in my
10 area and others is afforded the commitment of the next day
11 if they so choose. We have delivered on that offer more
12 consistently than at any time in the past with appointments
13 met hovering at 93 percent, recognizing that there are times
14 when a customer may not in fact be ready to accept service
15 when we arrive.

16 From a repair perspective, it is essential for
17 customers to receive restored service quickly. I am proud
18 to report that with the close of the first quarter of 1999,
19 our levels of service as measured by key indicators reflects
20 significant improvement over levels achieved in 1997.

21 Examples include the following: Receipt time to
22 appointment given for all market segments has improved 26
23 percent in the area for which I have responsibility; receipt
24 to cleared erosion measuring the time taken to clear trouble
25 from the moment a customer calls has improved 23 percent in

1 my area; and finally, the levels of appointments met
2 reflects a 4.9 percent improvement over 1997 levels.

3 The key to achieving the afore-mentioned
4 improvements has been recognition on the part of SBC of the
5 need for adding appropriate levels of resources including
6 qualified personnel. In early 1997, the districts for which
7 I have responsibility operated with slightly more than 500
8 non-salaried and salaried individuals. Today, I am pleased
9 to report that with our most recent round of job
10 requisitions, we are increasing our overall level of
11 staffing to 705 employees, of which only 45 positions
12 represent management or supervisory roles.

13 With respect to capital investment, my
14 construction and engineer counterparts invest in local loop
15 facilities including significant amounts of fiber optic
16 cable. From the dessert of the Imperial Valley to the
17 Pacific Ocean, we have fully digital switching network,
18 coupled with solid network facilities, ensuring that the
19 farmer at the end of the road in El Centro receives
20 comparable service to the resident customer who is living in
21 an upscale condominium overlooking one of San Diego's
22 beautiful marinas.

23 The capital expenditures associated with local
24 loop facilities in San Diego and Imperial Counties increased
25 from 103.1 million dollars in 1997 to 111.9 million dollars

1 in 1998. When matched with the switching and inter-office
2 facility infrastructure budgets, annual capital outlay is
3 staggering. At last count, Pacific Bell and San Diego
4 County alone had 48 sonnet rings up and running with more to
5 come.

6 In regards to community involvement, I can
7 personally attest to the significant impact SBC has made in
8 my area. We have a fully staffed and highly responsive team
9 in external affairs who have made an imprint through a
10 consistent out-flow of resources into the community in
11 support of public education at the classroom and curriculum
12 level. San Diego city schools are benefitting from a grant
13 of over \$400,000.00 to promote a science curriculum.

14 As a board member for Junior Achievement, I was
15 afforded the opportunity to present a check of \$6,400.00 to
16 Junior Achievement for an economics curriculum, for texts
17 and materials.

18 In the past three months, our President and CEO,
19 Mr. Ed Miller, has joined us for several crew meetings out
20 at the garage locations that I oversee. He shared simple
21 words of wisdom with us and I think the most effective to
22 leave with you is this: That we do what we say we're going
23 to do. And I'm proud to be associated with SBC and Pacific
24 Bell. Thank you for the opportunity.

25 DR. KRATTENMAKER: Thank you, Mr. Smith. Thank

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1 you for your testimony. Our next is -- I'm sorry, Bill.
2 Yes, we'll be -- we should finish at 5:00 given the numbers
3 of people who are signed up. Next is Bell Atlantic. Dr.
4 Krandell.

5 DR. KRANDELL: Good afternoon, Professor
6 Krattenmaker.

7 DR. KRATTENMAKER: Good afternoon.

8 DR. KRANDELL: I'm up here at the request of Bell
9 Atlantic. My name is Robert Krandell. I'm a Senior Fellow
10 in economic studies in the Brookings Institution. However,
11 nothing I'm about to say reflects the views of the Brookings
12 Institution or any of its staff members. And I have no
13 prepared comments.

14 Indeed, I didn't know I was going to be testifying
15 up here until very recently. I think perhaps the reason I
16 am up here is that my colleagues from Bell Atlantic back
17 there are young people with brown hair. And after you
18 embrace the representative of the National Silver Haired
19 Congress, I was asked to come up here and testify in front
20 of you.

21 DR. KRATTENMAKER: Are you saying us old folks
22 have to stick together or --

23 DR. KRANDELL: Absolutely. Well, I have but three
24 points to make in this afternoon's proceeding. As I say, I
25 have no written comments. First of all, a lot of the

1 opposition to this transaction is being led by the three
2 major inter-exchange carriers. And we heard from all three
3 of them this morning.

4 Two of them asserted that they were concerned
5 about the lessening of potential competition occasioned by
6 this merger. Two of them who are aggressively entering
7 local markets and they offer the services in these markets
8 are complaining to you they fear the lessened competition
9 with them. I find that not a very credible position for
10 them to take.

11 But even less credible I think would be AT&T's
12 position which they want you to structure relief to force
13 these -- the combined entity to invest in entry outside of
14 their own region. Presumably, they ask you to direct that
15 entry away from areas in which they have cable systems and
16 which they are trying to enter with combined telephony video
17 and high speed internet services.

18 So I think you have to understand that much of the
19 opposition and many of the arguments that are being made are
20 simply not internally consistent from the position of the
21 people making them. And I don't mean this frivolously
22 because at the outset, you suggested this is not an
23 antitrust inquiry.

24 You and I go back a long time in discussion of
25 competition policy. But I suggest to you with all due

1 respect that at least two of your three problems are
2 directly antitrust problems. I mean, one of them is the
3 reduction of potential competition. And the other is the
4 possibility of enhanced opportunity for discrimination,
5 though I would argue that there is very little evidence that
6 such subtle discrimination has existed in interconnection
7 markets with wireless, intralata toll, voice-mail services,
8 information services.

9 And, in fact, the Antitrust Division of the
10 Justice Department must have looked at exactly those same
11 complaints, those same fears, those same concerns, those
12 same problems, and decided that under a statute, Section 7
13 of the Clayton Act where all they have to show is that this
14 may tend substantially to lessen competition or to create a
15 monopoly in any line of commerce in any section of the
16 country, that they could not sustain that argument in a
17 proceeding before a federal court and decided not to bring
18 the case.

19 It seems to me that it would be very hard for you
20 on the basis of the same record to sustain a case of the
21 same magnitude.

22 So what I think you are left with then is your
23 third problem which is the benchmark issue and whether the
24 merger of two large ILECs reduces the amount of information
25 flowing to the Commission as benchmarks for carrying out the

1 responsibilities under the Act.

2 In other words, that one must maintain the status
3 quo here today in order to maintain information for the
4 regulator. Now, I happen to think that the Commission is
5 well staffed with very capable, intelligent people who can
6 discern what is going on in terms of interconnection
7 arrangements all over the world --

8 DR. KRATTENMAKER: They say flattery will get you
9 everywhere.

10 DR. KRANDELL: -- and the -- and the maintenance
11 of one more observation is simply not likely to offset any
12 potential gains from -- from this merger.

13 At the same time, I warn you that if you go down
14 this road and Congress forces you to begin to look at cable
15 regulation again or regulating their bottleneck or whatever
16 they wish to call it, that you are then going to be faced
17 with the necessity of going back and asking how you can
18 sustain the structure of the cable market which is more --
19 is becoming more concentrated nationally than the local
20 exchange market.

21 Well, finally, I think it's useful to note that
22 what is happening all over the communications landscape is
23 that markets are becoming national. DBS is not a fragment
24 of the local market with spot beams. It's a national
25 market.

1 Long distance service started maybe with MCI
2 competing only in St. Louis to Chicago has become a national
3 market. Wireless started and particularly PCS with auctions
4 of spectrum for local markets. But it wasn't until NEXTEL
5 obtained national presence and started really cutting prices
6 that you got national competition. And others began to
7 realize that they needed a national footprint.

8 It seems to me for you to conclude now that this
9 merger may result in a lessening of competition and that
10 maintaining a fragmented ILEC structure such as the one we
11 now have is conducive to competition flies against what is
12 going on elsewhere in the communications market today.

13 MR. KRATTENMAKER: Thank you for your testimony.
14 Thank you for coming. Next on our list is the National
15 Association of Commissions for Women -- canceled. Sorry.
16 Mike C. Turpen. That's okay. We'll forgive you. Welcome.

17 MR. TURPEN: Thank you. I appreciate the
18 opportunity --

19 MR. KRATTENMAKER: Start.

20 MR. TURPEN: Yes, sir. My name is Mike Turpen and
21 I am the former Attorney General in the state of Oklahoma
22 and former District Attorney from Skogee County as a matter
23 of fact. And I bring that up for the reason to say that I
24 had the opportunity to travel the state of Oklahoma again
25 and again, all 77 counties. We used to call it retail

1 politics. I went store-to-store and door-to-door.

2 And the reality is I tell you that because it gave
3 me the opportunity to meet the good people of the state of
4 Oklahoma, the great people of the state of Oklahoma, and it
5 also gives somebody an opportunity to see who the great
6 corporate citizens are in their respective states.

7 In my case, I had the opportunity to see who the
8 corporate citizens were that participated at the grassroots
9 level, if you will, that believed in bottom-up and not just
10 top-down. And the reality is that there are some
11 corporations that are there day in and day out. Ninety-five
12 percent of life is just showing up, as Cal Rifkin would say.
13 And there are some corporations that really do that. And
14 there are some, frankly, that don't.

15 And my experience is with Southwestern Bell, SBC,
16 in my state of Oklahoma is they are always there, day in and
17 day out. And you've heard the testimonials here today.
18 You've heard the tributes here today. And, you know, you
19 either are there or you're not.

20 And in my case, very special to me as you can
21 imagine in Oklahoma, April 19th, four years ago, Oklahoma
22 City, the tragedy, the first company in the whole state to
23 step right up, day one, sir, was, you guessed it,
24 Southwestern Bell, SBC, who gave one million dollars for the
25 rescue and recovery effort. Not just money, they opened up

1 their whole office and became the command center for the
2 whole effort for rescue and recovery for Oklahoma City.

3 Once again, there are other companies that said
4 they would do the same thing. They're not there. And
5 Bell's there. And Bell's always there. And I respect that.
6 And I appreciate that.

7 In Oklahoma City, we say you can see clearer
8 through a tear. And what I mean by that is you find out
9 what your strengths are as well as your weaknesses in times
10 of tragedy. Our strength in Oklahoma, I've got to tell you,
11 is having a corporate citizen like Southwestern Bell to show
12 up day in and day out; not just for the dramatic
13 circumstances, not just for tornadoes, not just for bombs,
14 but for every community need.

15 And the truth is, I've got to tell you quite
16 candidly, I'm a Clinton-Gore Democrat. And I'm darned proud
17 to be a Clinton-Gore Democrat. Well, my governor, he is a
18 rock red Republican. I think he's for George W. Bush. But
19 the one thing that he and I agree on, and we talk about it
20 quite a bit, is he can't understand why every corporate
21 citizen of the state of Oklahoma doesn't try to be the
22 premiere corporate citizen that he and I consider
23 Southwestern Bell to be.

24 Why can't everybody be that way? I mean, that's
25 how we look at it in our great state. And the truth also is

1 we're a part of, not apart from, the community. And the
2 reality is I think that means that we're not just kind of a
3 high tech company, but we're a high touch company.

4 Bell's got it figured out. It all comes down to
5 human beings. Personal contact alters opinions. It all
6 comes down to helping individual human beings one by one by
7 one with community presence and quality service. That's why
8 you hear everything you've heard here today about SBC I
9 think.

10 I also want to suggest when I was running for
11 district attorney and running for attorney general, I went
12 all over the state. And my style of leadership was listen,
13 learn and lead. And I heard you pretty much say that this
14 morning. You know, that's what we're here for. That's what
15 this hearing is for. You guys are, you know, going to
16 listen and learn and hopefully lead in the right direction.

17 In my case in Oklahoma, what I learned along the
18 way was there was only one thing people didn't like about
19 the government. And I've worked in government for many,
20 many years, district attorney, attorney general, city,
21 county, state government.

22 There is one thing people didn't like about
23 government when I would go out and listen to them. Is they
24 don't like a government to say we can't tell you what the
25 law is, but don't you break it. They don't like it when

1 their government says we can't tell you what the law is, but
2 don't you break it.

3 The government should never be in that position.
4 And I've got to tell you, listening here today, I got the
5 feeling -- you can imagine, I'm going to segue here in just
6 a second, and it's Section 271. I got the feeling listening
7 here today that some people are suggesting that 271 pre-
8 conditions ought to be the way that you should go.

9 That frustrates me because why should you ever use
10 a voluntary option for long distance approval for a
11 mandatory requirement for merger review. I mean, humbly I
12 say to you as a lawyer that it's, first of all, not logical
13 and, secondly and perhaps most importantly, it's not legal I
14 don't believe.

15 In any event, I should tell you that respectfully,
16 I think 271 in my study of it has been somewhat of a moving
17 target. There never was an initial rule-making proceeding
18 after the 1996 Telecommunications Act by this agency. And
19 in fairness to the agency, although there has been orders
20 since -- there has been a lot of orders since.

21 And my frustration mostly, and I brought a little
22 show and tell. I've got to talk fast because I've got one
23 minute left. But in my state, I got a headline, "AT&T Won't
24 Say on Local Service". Then the next headline is, "Time to
25 Fish or Cut Bait; Oklahoma Corporation Commission Tells

1 AT&T".

2 The idea that somebody can just refuse to compete
3 at the local level and then keep us quarantined, the Bell
4 companies, is absolutely outrageous. And I was here today,
5 like you were, for them to stand up and say, "Hey, you know,
6 we're challenging these guys."

7 And the idea that the biggest long distance
8 company, the biggest cable company soon to be and the
9 biggest wireless company will come in here and tell you that
10 they're against this 13-state partnership, and then
11 essentially I think tell this agency to basically go
12 mountain climbing over a molehill.

13 They want you to go mountain climbing over a
14 molehill in your review of SBC and Ameritech compared --
15 compared to the size and scope of their activities, their
16 mergers, their deals, past, present and future. It's ironic
17 to say the least.

18 And we've got a good friend out there -- out there
19 in Nevada. And as part of the record, but it's the Attorney
20 General of the great state of Nevada. And he said once SBC
21 came to her state in Nevada, PacTel, if you will, kept every
22 commitment they ever made.

23 That's not people here today saying that. That's
24 the Attorney General of Nevada saying they maintained every
25 commitment they made to me in the beginning to maintain a

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1 strong, home-town presence and to be bottom-up and not just
2 top-down; to actually be in the community with the human
3 touch. That's why this company is so strong.

4 My time is up. Thanks for the opportunity to --

5 DR. KRATTENMAKER: Thanks for your testimony and
6 please submit that for the record.

7 MR. TURPEN: Yes, I will. I appreciate it.

8 DR. KRATTENMAKER: Thank you, Mr. Turpen.

9 MR. TURPEN: Yes, sir. Thank you.

10 DR. KRATTENMAKER: We'll next here from Dennis
11 Thomas. Mr. Thomas, welcome.

12 MR. THOMAS: General Turpen is a hard act to
13 follow. I once had to follow a team of Indian dancers when
14 I was making a speech to a Convention of the Widows of World
15 War I. And that's the only thing that was harder than
16 following General Turpen.

17 My name is Dennis Thomas. I practice strategic
18 and regulatory consulting for both regulated and -- firms
19 and firms seeking the compete in regulated -- in markets
20 dominated by regulation. From 1984 to 1998, I was
21 Commissioner and Chairman of the Texas Public Utility
22 Commission back in the good old days of the breakup.

23 Most of my clients are in the electric or
24 telephone industries. And Southwestern Bell is a client. I
25 appear in support of the proposed combination of SBC and

1 Ameritech from a Texas perspective.

2 I would like to discuss three outcomes, size,
3 technology and reach. The first is size. We are aware on a
4 daily basis of the drive for size. This is true for both
5 the information-based industries as well as the economy in
6 general. Combinations have made the word,
7 "telecommunications", obsolete.

8 For several years, I thought the information
9 business could be divided into information transport,
10 content and consumer electronics. Now it appears those
11 categories will be blurred as AT&T partners with MicroSoft,
12 Sony delivers one of the most powerful computer chips to the
13 market, and televisions merge with computers.

14 The drive for size is constant, unstoppable under
15 current economic conditions, and it is also the most obvious
16 advantage of the SBC-Ameritech combination for Texas
17 consumers.

18 The second outcome is technology. Looking
19 backwards, I'm always surprised how fast things change.
20 Looking forward, I'm usually impatient. But during the past
21 few months, even looking forward reveals rapid change. I
22 attribute the rapid change in the past few months to the
23 convergence of several diverse trends; for example, the
24 speed of computer chips, the availability of affordable
25 broad band networks that are always on, and non-speaker

1 dependent voice recognition. We see a good example of that
2 over there on your screen.

3 The speed of commonly available computer chips
4 tells an interesting story. The Pentium II chip can process
5 0.4 billion calculations per second. The Pentium III chip
6 can process two billion calculations per second. The new
7 chip that runs the Sony PlayStation II can process 6.2
8 billion calculations per second.

9 Now, granted the Sony chip is a specialized
10 processor. But it is aimed at young people and
11 entertainment to proven impact multipliers.

12 Until recently, my favorite information age
13 developments were cash machines and pay-at-the-pump. But
14 now the Pentium II machine class of chips will change the
15 way we interact with network. Now I watch legislative
16 hearings over the internet and download amendments on a
17 real-time basis. And the speed of change is increasing.

18 The availability of expanded technology will be a
19 beneficial outcome of combinations like SBC and Ameritech.
20 The last outcome is reach. Think of reach as that area
21 several years beyond impact. I'll give you a Texas example.

22 In Texas, we have an ongoing struggle between
23 rural and urban interests. In the past, the rural kids left
24 for the city to get jobs. The buses left. The airlines
25 left. The hospitals left. You see the struggle in

1 telephone policy under the pooling agreements.

2 But that rural-urban dynamic is changing. Rural
3 Texas is being repopulated with people in the 40 to 60 age
4 range. A lot of it is being made possible by information
5 technology. Information e-commerce is expanding. The
6 hospitals have returned. The schools are competitive.

7 DR. KRATTENMAKER: Mr. Thomas, you have one minute
8 left.

9 MR. THOMAS: Soon -- soon there will be enough
10 jobs so that some of the young people can stay home. We are
11 now only beginning to see the reach of information
12 technology. And the ability to deploy such information
13 technology in rural Texas is driven by size. So we come to
14 the combination.

15 I favor the combination of information companies
16 to form competitors of a global size and scope.
17 Pragmatically, that's what's going to happen anyway.
18 Regulatory or legislative prohibitions may impede specific
19 combinations. But the trend will continue, driven by
20 technology and demand.

21 In my part of Texas, the SBC combination will
22 create at least three global competitors, and I expect more.
23 I support the combination because it is good for Texas, and
24 ask the Commission to give it favorable consideration.
25 Thank you.

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1 DR. KRATTENMAKER: Thank you. Commissioner, thank
2 you very much. Next on our list is -- I'm going to
3 mispronounce this, but the Helfrich Company. Is anyone here
4 from the Helfrich, H-E-L-F-R-I-C-H, Company? Just -- Mr.
5 Hartigan, they switched with you. You don't recognize the -
6 - okay. Not here?

7 Next on my list is the National Council of La
8 Raza. National Council of La Raza. I'm sorry? IWAYNet?
9 Please. Welcome.

10 MR. SINGH: Thank you. My name is David Kumar
11 Singh. And I am President and CEO of IWAYNet Communications
12 Incorporated. We are a full-service internet provider in
13 Columbus, Ohio. And IWAYNet is a one hundred percent
14 minority-owned and one hundred minority-operated company.
15 And I am here today to speak out against the merger.

16 Regarding Ameritech, I wear three hats. Number
17 one, I am a customer of theirs, a large customer. Number
18 two, I am competitor for internet services. And number
19 three, I am a stockholder.

20 Also, IWAYNet is very interested in becoming a
21 CLEC and we have been frustrated by our attempts over the
22 past few years to do that. Today I am reporting my four
23 years experience of competing with Ameritech. And I'm
24 coming from the front lines of an economic war. And it's
25 not pretty.

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1 I'm not talking about future competition. I am
2 speaking about my four years experience working with and
3 against Ameritech. And it is ugly, filthy and dirty.

4 Beginning in 1995, we were unable to get the type
5 and quantity and quality of phone lines we needed to expand
6 our internet business. That went on for over a year. And
7 after the situation being escalated to the highest levels of
8 Ameritech and being told for over a year that all services
9 up to that point that weren't working or were barely working
10 would not be charged to us, suddenly one day I received a
11 call from the President of Ameritech-Ohio, Jacqueline Woods.

12 And she told me she was looking into the situation
13 to try and help out. Well, three hours later the crimes
14 begin. We were told that we were a deadbeat who had never
15 paid a bill and that over \$20,000.00 was immediately due,
16 non-negotiable.

17 I immediately went to the Public Utilities
18 Commission of Ohio and -- to complain. And Ameritech was
19 told to provide all documents, stop the collection of this
20 non-negotiable amount. And promptly, we were told a few
21 days later that all documents regarding IWAYNet weren't
22 available. And what they did provide the PCO was forged
23 balance information, forged documents, whatever, to try and
24 qualify what we owed.

25 Going from running a business that at that point

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1 had over a thousand customers, suddenly we were literally on
2 the street begging for money to pay over \$20,000.00 in bills
3 we absolutely did not owe and there was no justification
4 for. That's what happens when you cross the path of a
5 monopolist in my opinion on a competition wilding spree.

6 And it's unfortunate that this happened after
7 speaking to the highest person in the company in the state
8 of Ohio. Even more troubling, we were sold a very prominent
9 Yellow Page ad by Ameritech's publishing arm, Ameritech
10 Publishing in Troy, Michigan. And little did we know at the
11 time that Ameritech Publishing was soon to be the one
12 hundred percent owner of Ameritech's ISP affiliate,
13 Ameritech Net which is owned by their affiliate, Ameritech
14 Interactive Media Services.

15 Before our ad -- prominent ad, which was going to
16 be on cardboard in the middle of the book, could be
17 published, we were told that it was not going to be and we
18 couldn't figure out why. Well, I worked my way up the chain
19 and one day met with Peter McDonald, the President of
20 Ameritech Publishing, to tell him that we felt a fraudulent
21 situation was going on with his employees up to the
22 executive-vice president level.

23 Of course, at the time, I didn't know that they
24 wanted that ad space. Suddenly they were in my internet
25 business and certainly didn't want a competitor to appear in

1 a Yellow Page book.

2 Well, when I was driving from Detroit that day,
3 little did I know that by the time I got home and the legal
4 FBI background check was being done through the police
5 department of the suburb of Columbus of an Ameritech
6 security worker whose wife was on the city council in that
7 city who cajoled the now-ex-police chief into running a
8 background check on me, what I believe was to look for dirt.

9 Well, they didn't find it --

10 DR. KRATTENMAKER: Mr. Singh, you have about 40
11 seconds remaining.

12 MR. SINGH: Thank you.

13 DR. KRATTENMAKER: If you could wrap up and then I
14 hope you will be able to provide written testimony for the
15 record at another time. Thanks.

16 MR. SINGH: Currently, there is a state of Ohio
17 criminal investigation, both by the state of Ohio police and
18 prosecutors looking into this crime set off by Mr. McDonald
19 after my visit. It is unbelievable to think that after
20 dealing with two presidents of two billion dollar-plus
21 Ameritech affiliates that we're now talking about criminal
22 investigations and just absolute economic atrocities, to be
23 singled out as a company just because we had a lot of
24 problems with our service.

25 We believe this is what happens when you take an

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1 operation that has too much power and perhaps a billing
2 system that can be compared to a Three Stooges billing
3 operation and then back it up with gestapo-like collection
4 atmosphere.

5 DR. KRATTENMAKER: Mr. Singh, your time is up. I
6 appreciate your participation. And if you would care to
7 supplement your views with a written statement for the
8 record, we would be happy to receive it.

9 MR. SINGH: All right. Thank you.

10 DR. KRATTENMAKER: Thank you. The next on my list
11 is the National Council of La Raza. No? National Council
12 on Aging. Welcome.

13 MR. BEDLIN: Thank you. Good afternoon. My name
14 is Howard Bedlin. I am the Vice President for Public Policy
15 and Advocacy for the National Council on the Aging. We very
16 much appreciate the opportunity to share our views with you
17 here today.

18 Formed in 1950, NCOA is the founding member of the
19 nation's organization serving older people. Some have
20 referred to us as the grandparent of America's organizations
21 who represent the interests of the elderly and those who
22 serve them. Through education, research advocacy and
23 network building, our mission is to help all people achieve
24 vital aging. With over 7,500 member and affiliated
25 community-based and consumer organizations, NCOA represents

1 America's diverse aging network.

2 Our interest in the issues being discussed today
3 concern the impact of the proposed merger on the ability of
4 older, lower income and disabled consumers to receive
5 affordable quality services that meet their particular
6 needs.

7 NCOA is now in the final stages of completing an
8 analysis from this consumer perspective of both the SBC-
9 Ameritech and Bell Atlantic-GTE merger proposals. We are
10 specifically looking at the conditions the FCC should
11 consider toward achieving three primary objectives.

12 First, we're looking at conditions that would
13 increase local competition for residential customers. We're
14 concerned that current plans to enter into new markets may
15 be based largely on the motivation to serve large business
16 customers.

17 Under the right conditions, the SBC-Ameritech
18 proposed national-local strategy to enter 30 new markets has
19 the potential to jump-start local competition for
20 residential customers. Our hope is that entry into these
21 markets will trigger a competitive response that should
22 cause true competition to develop in Ameritech and SBC's
23 markets, as well.

24 Second, we're interested in ensuring and
25 protecting the quality and equality of residential access.

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